

POLICY: **PROPERTY HELD BY COUNCIL**

GROUP RESPONSIBLE: Services and Assets

DATE APPROVED: 23/11/95

DATE AMENDED: 28/8/97

FILE NO: 40/1/1/1, 340/15

POLICY DETAIL:

1.0 JUSTIFICATION FOR OWNING PROPERTY

Council property can be classified in five categories:

(a) Operational Property (property used by Council, rather than by the public)

- Offices
- Depots
- Gravel Pits
- Public Utility Sites
- Forestry Land
- Fire Stations

(b) Public Facilities (Council property used primarily by the public)

- Halls and Community Centres
- Libraries
- Community Use Facilities
- War Memorials
- Elderly Persons Housing
- Refuse Sites
- Cemeteries
- Public Toilets

(c) Staff Housing

(d) Reserves

(e) Bare Land

Completed schedules of all operational property, public facilities, staff housing, reserves and other lands have been prepared detailing the location, description of the land and or buildings, occupancy and the current 'need status'. The schedules should be updated as part of the annual review procedure or amended as individual property status changes.

In determining whether Council should purchase, retain ownership or dispose of the property, the need for property in each area of the district is assessed. These needs can be categorised in three levels:

- (a) A defined long term need
- (b) An existing or short term need
- (c) No existing or future need.

This assessment is undertaken by the Executive Group in consultation with the Property Officer, when considering operational property, staff housing and/or the other lands.

Definition of Categories

(a) A Defined Long Term Need

Where there is a defined long term need, then Council should purchase or continue to retain ownership of property or housing. In the case of staff housing, where there is a definite long term need and where existing housing is of an older high maintenance type, then a detailed evaluation of the dwelling should be completed by the Property Officer and where there is proven benefit Council should consider replacing housing which has a high maintenance requirement with low maintenance modern dwellings. The funds from the sale of surplus property to be directed to a capital reserve account.

The need should be reviewed on an annual basis or as circumstances change and the properties re-categorised as necessary.

(b) Existing or Short Term Need

Where there is a short term or undefined future need for retention of land or dwellings, then the property should be kept and maintained to a high standard by the district with a detailed review carried out on an annual basis or as circumstances change.

(c) No Existing or Future Need

Where there is no perceived existing or future need to retain land or housing, then Council should dispose of the surplus property.

2.0 PURCHASE OF PROPERTY

Council has gone to some effort to divest itself of properties that are no longer needed for operations or are not giving any return on the capital invested. The purchase of new properties shall therefore be subject to the following conditions:

The purchase of land only may be permitted as of right for core operational purposes:

Roading, bridging and utilities.

The purchase of any other new property (or the acceptance of property gifted to Council) is to be discouraged unless there is a defined long term or existing need.

The acceptance of reserve land as a condition of subdivision consent shall be set by Southland District Council after consultation with the relevant Community Board provided that the Board also accepts the cost of maintaining the reserve.

The acceptance of esplanade strips into Council's ownership as a result of land subdivision shall be made by Resource Management staff.

Any purchase of property for purposes other than core operations shall be subjected to a full economic analysis. At least 80% of direct purchase costs, rates and maintenance shall be recovered through the setting of suitable rentals or other recovery.

Verification of the asking price shall be carried out by the Property Officer. If the value of the property warrants it (over \$50,000) an independent valuation by a private valuer shall also be commissioned.

When the purchase involves a building or buildings, an assessment of the building condition and any alternations needed to bring the property up to code compliance standard shall be carried out by relevant staff.

3.0 RENTALS

Where rental agreements exist then they should continue on the same basis until the review period or as circumstances change. Council should then work towards establishing market rentals unless there is a specific need to offer low cost rental as an incentive to attract and retain staff in isolated areas as stipulated by the Executive Group.

Rentals should be assessed by the Property Officer and approved by the Executive Group as part of the annual property review or as existing agreements are being considered for renewal.

4.0 METHODS OF PROPERTY DISPOSAL

The following items as detailed below, are the suggested procedures to be followed when undertaking the disposal of Council property:

- (a) That the legal description of the property be established and the title searched. Any requisitions or memorials on the title should be researched and detailed. Reference should be made to Section 230, 345 and 572 of the Local Government Act 1974 prior to any proposal being forwarded to Council.

- (b) That the Property Officer undertake an assessment of the property value and examine whether the timing of the proposed sale is right.
- (c) That an independent registered valuer be requested to assess the value of the property where the Government valuation exceeds \$50,000.
- (d) That the resultant valuations from (ii) and (iii) above, along with a current Government valuation (dated no earlier than six months before the date of sale) be forwarded to the Group Manager Services and Assets for consideration.
- (e) That where a dwelling is occupied or a property is subject to lease or rental agreement, that the occupier or lessee be given the option of purchasing the property. If interested, their offer should be forwarded to the Group Manager Services and Assets for consideration and recommendation to Council. Reference should be made to Section 230(1) and (2) of the Local Government Act 1974 relating to advertising of property for sale.
- (f) That if the occupier or lessee does not wish to purchase the property, then the property should be offered for public sale in a manner that will achieve maximum benefit to the district.
- (g) That any resultant offers be assessed and forwarded to the Group Manager Services and Assets for consideration and recommendation to Council.

5.0 PROCEEDS FROM SALE OF PROPERTY

- (a) Property should be considered for sale only when detailed investigation has taken place regarding how Council came to have ownership or control.
- (b) A decision should be made regarding where proceeds should be credited to prior to the sale process being initiated.
- (c) Net proceeds should be initially considered for application to the purchase or major maintenance of other assets.
- (d) Net proceeds from the sale of a hall or community centre should be credited to another hall or nearby associated community centre.
- (e) Net proceeds from the sale of property and any related facilities funded by a local community should be made available for that same local community where there exists a valid capital project.
- (f) Net proceeds from the sale of land held as Council freehold land should be credited to an appropriate general reserve.
- (g) Net proceeds for the sale of land vested in Council in terms of Section 25 of the Reserves Act 1977, or endowment land, should be applied in line with the relevant legislation or following direction of the Minister of Local Government.

- (h) Net proceeds from the sale of Council subdivisions be credited to a separate account in the appropriate local accounts. This would apply to Te Anau Luxmore subdivision.
- (i) Net proceeds from the sale of staff houses to be credited to Property Development General Reserve.

